

IN THE
INDIANA TAX COURT

NO.49T10-9309-TA-70

TOWN OF ST.JOHN, <i>et al.</i> ,)
)
Petitioners,)
)
v.)
)
DEPARTMENT OF LOCAL GOVERNMENT)
FINANCE as successor to the)
STATE BOARD OF TAX)
COMMISSIONERS,)
)
Respondents.)

MONTHLY REPORT 26

As successor to the State Board of Tax Commissioners, this is the twenty-sixth monthly report of the Department of Local Government Finance ("DLGF") under the Court's order dated May 31,2000,729 N.E.2d 242,247. The report explains the DLGF's activities during July 2002 to implement the Court's order. An outline of those activities is included as Exhibit A.

Lake County Reassessment

On July 15, 2002, DLGF staff toured the Lake County office of Cole Layer Trumble ("CLT") in Schererville. Computers are installed, the Lake County data has been received and it is being loaded. Regarding residential and agricultural data

Lake County: 10,098 parcels were collected during June for a total of 18,845. CLT had projected that 34,375 would be collected by the end of June. Commercial and industrial data collection is also behind. 248 parcels were collected during the month of June while 3,640 had been projected. CLT reported that they were planning additional hiring, transfer and training to reduce the deficit. Data entry also is not on schedule because of the unavailability of computer equipment and data. As of this writing the figures for July are not yet in.

CLT reported that it had completed all residential and commercial neighborhood designations as of June 30, 2002, and that maps of the entire county had been prepared showing neighborhood delineations by color code and numerical designation. Land pricing will begin upon receipt of sales data.

Special Session Legislation

As a result of the passage of HEA 1001ss, DLGF staff spent much of July implementing changes in the law concerning personal property tax for 2002. These changes require that township assessors examine every business personal property return filed in 2002 and make adjustments in the inventory values and construction in process. As of the date of passage, many assessors had already compiled figures, balanced their books and were poised to turn them over to the county auditors. That process went into abeyance in July while assessors awaited the adoption of temporary rules and the issuance of an instructional bulletin to provide uniform methods for making the mandated adjustments.

DLGF staff, affected parties and local officials worked diligently to implement these changes. Nonetheless, the DLGF and assessing officials are concerned that the

reversion to the pre-2002 personal property rule provisions for construction in process and for the inventory floor will add significant complications and burdens to assessors, auditors and other county officials. The changes are another factor affecting the timeliness of completion of reassessment and the setting of budgets throughout the state.

New Rules

The DLGF drafted emergency rules temporarily amending the personal property rule to implement the 35 percent inventory adjustment and the 10 percent valuation for tangible personal property not placed in service and construction in process. The DLGF presented and explained the draft emergency rule to a meeting of assessing officials and auditors coordinated by the Association of Indiana Counties. The DLGF published the draft rule on its web site and distributed it for comment on the emergency rules. The rules panel met on July 29, 2002, and approved the rule. The Commissioner also finally adopted the rule on July 29, 2002.

On July 29, the rules panel also considered and approved a temporary rule amending the utility rule to make adjustments for assessment of construction in process. The Commissioner finally adopted the amended utility rule on that date.

Both the personal property rule and the utility rule were filed with the Secretary of State on that date. They will appear in the September 2002 Indiana Register and have been posted to the DLGF's web site. Copies of these rules are attached to this report. The DLGF completed an instructional bulletin for implementation of the personal property rule changes that will be provided to all assessing officials. A copy of the instructional bulletin is attached to this report.

The rules panel approved and the Commissioner adopted two more regular rules, the amended rule for assessment of annually assessed mobile homes and rules implementing the requirements of HEA 1499 concerning tax representatives. These rules will be submitted shortly to the Attorney General's Office for approval.

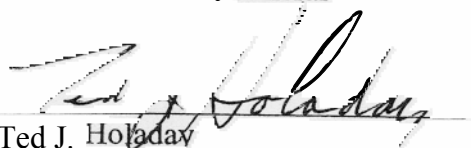
The Attorney General and Governor approved the equalization standards rule, LSA Doc: #00-283,50 IAC Rule 14. The final adopted rule will appear in the September 2002 Indiana Register.

Budgets, Rates and Levies

The DLGF Budget Division calculated and distributed reassessment levies for all counties except Lake for the 2003 budgets. August is the statutory date for county auditors to provide, *inter alia*, a statement of estimated assessed values for each political subdivision for the ensuing calendar year in order that units may formulate budgets, tax rates and tax levies and publish notice by August 31, 2002. The DLGF is unaware of any county that has completed the real property reassessment. Moreover, given the changes mandated by REA 1001ss, the county assessors have not completed and turned over their books quantifying the assessed values of business personal property to the county auditors. While county auditors are providing information and estimates as required by statute, the information is merely an estimate.

Respectfully submitted,

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